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SPEECH ON THE BUDGET

BY THE

HONORABLE JOHN ROSE,

MINISTER OF FINANCE, CANADA.

DELIVERED IN THE

HOUSE OF COMMONS, OTTAWA,

28TH APRIL, 1868.



OTTAWA:

PRINTED BY HUNTER, ROSE & COMPANY
1868.

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SPEECH ON THE BUDGET.

HOUSE OF COMMONS, OTTAWA,

TUESDAY, 28th April, 1868.

The Hon. JOHN ROSE, Minister of Finance, after the formal motions, introduced the Budget as follows:

I think the most convenient order to follow, in placing the House in possession of all the information I desire to give, will be to state in the first place what have been the results of the operations of the present year, and to review the estimates of revenue and expenditure which were presented to the House in December last, by the light of the further experience we have now obtained. In the next place I will state what the present position of the floating debt is, and what the changes are which have been made since December. It will then be convenient to say a few words in explanation of the financial position of the various Provinces towards the Dominion; afterwards I will endeavour to state what the requirements of the year 1868-9 will be, and to place the House in possession of the means by which the Government propose to meet those requirements; and lastly, if the patience of the House be not exhausted before I have covered all this ground, I will refer, for a few moments, to the anticipated burdens which in future years the country will have to bear, and to its ability to sustain these burdens. (Hear, hear.) Without any exordium, Sir, I will at once enter into an examination of the results of the present year. It will be in the recollection of the House that, when placing in its possession, in December last, the rough estimates for 1867-8, I stated that the probable expenditure would be \$16,226,801, of which \$1,925,000 was for permanent works, leaving an expenditure for ordinary purposes of \$14,301,801. The detailed estimates which were laid before the House the other night show an increase over the sum mentioned in December last. These detailed estimates amount to \$17,265,019 to which are to be added the Supplementary Estimates since

brought down.....	71,000
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making a total of.....	\$17,336,019
in place of the ,.....	16,226,801

39767

mentioned in December last. But, Sir, it is necessary to explain to the House that there is really no perceptible change, and for this reason, that in the larger total I have mentioned are several sums which do not properly belong to the services of the year, or of the Dominion, being arrears of the late Province of Canada; and there is also a sum which it is proposed to strike out when going through Committee (included in the detailed estimates), because it will not have to be expended before July next. These two sums are: for arrears of the late Province of Canada.. \$814,357 and the over estimate proposed to be struck out is..... 205,100

making together.....	\$1,019,457
which, if deducted from the gross amount of the detailed estimates	17,336,019

leaves as the estimated expenditure for the services proper to the year 1867-8, of.....\$16,316,562 which differs by less than a hundred thousand dollars from the rough estimate made in December last. (Hear.) I make the explanation with reference to the over estimate, because, in consequence of the provisions in the new Audit Act, that the sums voted for one year shall not be allowed to lay over until a following year, but must be voted afresh, if not used within the twelve months, there would in fact be a double vote for the same service if they were not omitted now.

Having thus compared the estimates of December with these now submitted to the House, it may be stated that the real result of the year's operations is—

Total estimated expenditure.....	\$16,316,562
Deduct for expenditure on capital account and redemption.....	\$1,863,498
and there must be further deducted such items as arrears of the Seigniorial Fund, the amount of arrears for hospitals and charities.....	131,704

Total	1,995,202
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which ought not to enter into the expenditure of the present year.

These two amounts being deducted from the estimated gross expenditure give as the ordinary expenditure of the year...\$14,321,360

I now come to the statement of the anticipated revenue to meet this expenditure, and I hope the result will not be unsatisfactory to the House or to the country. It will be remembered that in November last, the Government anticipated that there would be sufficient revenue to meet the expenditure, and a small excess besides. Well, judging from the experience of the nine months that have now expired since the beginning of our fiscal year, July 1st, I am enabled to state that I think those anticipations will be fully realized, and that there will be some excess—a fair and moderate excess—beyond even that which in December last I said I expected. (Hear, hear.)

The gross receipts from Customs and Excise were then estimated at..... \$9,000,000

The actual receipts from Customs up to the 31st December, were..... 5,318,063

Judging from the receipts of the three months since, and making a corresponding estimate for the future months, it is expected that we shall have received between the 31st December and June 30th, a sum of..... 3,681,937

making a total of..... \$9,000,000

The receipts from Excise it is anticipated will reach.... 2,970,000

and those from Miscellaneous sources have already been\$2,947,100

from which I make a reduction because several sums found their way into the account which do not properly belong to the Miscellaneous receipts of the year, such as arrears belonging to the Provinces of Quebec and Ontario; so that the total Miscellaneous revenue belonging to the Dominion is estimated at..... 2,725,500

shewing a total estimated revenue of.....(*)...\$14,695,500

against a total estimated expenditure of.....(†)... 14,321,360

giving an anticipated surplus, at the 30th of June next, of.. \$374,140

(Hear, hear.) I think, Sir, there is no reason to doubt that these anticipations will be fulfilled. We have endeavored to bring the greatest care and accuracy to bear in ascertaining what the expenditure and income up to this time have been, and unless something unforeseen and extraordinary occurs, the statement I have just now laid before the House will be realized. Up to the 15th March, out of a total sum for which a vote is asked, of.....\$17,336,019

there had been spent..... 9,542,000

leaving in hand for the rest of the year..... \$7,794,019

and I hardly expect that the expenditure between that day and the 30th June next will amount to so much. I believe there has been an over estimate, and properly a liberal estimate, because under the stringent provisions of the Audit Act there is no possibility that the Executive can spend any more than Parliament has appropriated, and it is therefore necessary that any error should be on the side of an over estimate, rather than an under estimate. (Hear.)

I have so much ground to go over that I now at once proceed to state the changes which have taken place in the floating debt since December last. It will be remembered that the amount of our floating debt, including the interest payable in January, 1868, which was then in course

* £3,019,623 stg.

† £2,942,745 stg.

of transmission to England, was then stated to be.....	\$6,911,901
There was, however, a sum due to the Court of Chancery, which was not included in that statement, being an amount which had been deposited at about that time of.....	100,000
And there was further due a balance of subsidy account to the various Provinces, since ascertained, of.....	146,775

making a floating debt in December last, of.....	\$7,158,676
From this amount must be deducted the Bank balances which, as they stood at that date, were	3,303,869

leaving a balance of floating debt, then to be provided for, of. \$3,854,807

Now, Sir, on the 15th of April, the floating debt stood as follows :—
There was due to the English agents on all accounts,—as well on account
of Nova Scotia and New Brunswick as on account of the old Province of
Canada and of the Dominion \$510,532

We have thus reduced these balances from the very large
amount at which they stood in December, to about £100,000
sterling. (Hear, hear.)

There was due to the Bank of Montreal a loan contracted in
December 2,500,000

There was due to the various Provinces, balances of their
subsidy accounts. 591,767

making a total floating debt on the 15th April, of.....	\$3,602,299
from this must be deducted the bank balances on that day, which were	1,893,523

shewing that the net floating debt had been reduced to the
sum of.....(*)... \$1,708,776

In December, as I have shewn, it was \$3,854,807. It will thus be seen
that there has been a very important reduction. I trust, Sir, this sen-
sible diminution will be satisfactory to the House. (Applause.) The
floating debt has been so reduced by the sale of securities in England,
and by the negotiation of Dominion stock in Canada. It will be recol-
lected that there was a very large balance due on account of Nova Scotia
for over drafts on their fiscal agents in England. This has been covered
by the sale, since December last, of Nova Scotia bonds, held by the fiscal
agents, which have been endorsed by the Dominion, and have been nego-
tiated to the extent of †\$1,002,153. Dominion Stock has been issued
to the amount of †\$1,600,000. I think we may congratulate the
country on this reduction in our floating debt, and I trust that before twelve
months are over it will be a thing of the past. (Hear.) I believe we shall
be able to issue securities so as to fund the whole floating debt and conduct
our finances in future upon a thoroughly independent basis. (Hear, hear.)
Now, in connection with the mode in which this floating debt has been

* £351,118 stg.

† £205,920 stg.

‡ £328,767 stg.

diminished, allow me to say a word or two as to the issue of Dominion Stock, a kind of security which I think it is of considerable importance the country should possess, and to the advantages of which I think the public is not yet fully alive. It is more advantageous to the public than ordinary bonds. It gives no trouble about cutting off coupons every six months. It is inscribed on the books of the Receiver General, similarly to Bank Stock, and there can be no possibility of any loss whatever to the holder. Then it possesses this other advantage that it is transferable at various points in the Dominion, and in small sums. Any person may invest any sum over \$100 in Dominion Stock, and receive the interest upon it half-yearly. This facility for investing broken sums is an advantage which, it seems to me, is not sufficiently understood. Any broken sum whatever may be inscribed on the books of the Government, and transferred in the regular way. I am happy to be able to state to the House that the mode in which this stock was taken up by the country exhibits gratifying features. The number of tenders was 61 under par, and 145 at and above par. It is a pleasing circumstance connected with the distribution of this stock, that it was diffused over the country in small sums, among trustees, executors, charitable institutions and individuals, seeking a permanent investment for moderate means. I consider it one of the most desirable features of the stock, that its distribution in small sums over the country gives the public at large an interest in the permanency and stability and honest administration of our affairs.

Hon. Mr. HOLTON—Will the Minister of Finance please also to state the number of allottees?

Hon. Mr. ROSE—If my hon. friend will have a little patience, till the return moved for by the hon. member for South Ontario is brought down, he will get full information on this point, and on all the others embraced in the motion. As I have already stated, the balance of the sum which has gone in diminution of the floating debt was raised by the sale of securities of Nova Scotia issued on the credit of the Dominion. I am happy to state, that although there were circumstances affecting the general relations of this country at that time which, it might have been apprehended, would have prejudiced the sale, the first financial operation of the Dominion in England was carried out satisfactorily for the interests of the public.

Hon. Mr. HOLTON—I presume it is the Nova Scotia bonds which you speak of as Dominion securities.

Hon. Mr. ROSE—Yes; they were part of the debt which the Dominion assumed.

Hon. Mr. HOLTON—Was the form of the bonds changed?

Hon. Mr. ROSE—No; but they were stated to be a part of the debt for which the Dominion was liable. The form of the security matters nothing, so long as it was issued as a Dominion security. (Hear, hear.) I will now only say one word more with reference to the balance of the floating debt which still exists. I think the House need feel no apprehension but that the floating debt will, before the lapse of any long period of

time, be discharged. (Hear, hear.) I need only remind the House that there are sources, to which I stated in December that I looked for diminishing the floating debt, which are not yet exhausted. We have in the legislation of this session the means which will enable the Government gradually, and without disturbance to any of the commercial interests of the country, to absorb the balance of that floating debt. We have made some progress in our negotiations with the Great Western Railway, with a view to realizing the considerable indebtedness of that corporation. We have not been idle either as to the indebtedness of the Bank of Upper Canada. There has been both legislation and executive action upon that. We also anticipate a fair amount from deposits to be made by Insurance Companies, as a security to the public; and there is now a measure before the House which will have this effect. Then there are the Post Office Savings Banks, which are doing a large measure of good; not withdrawing money from the banks, as has been stated, but accumulating the savings of the industrious classes in a way that must be productive of benefit to themselves, and be of advantage to the country. The views of the Government with reference to Savings Banks were explained in December, but so far action has been confined to the establishment of Post Office Savings Banks. As the House is aware, there have been established in the mother country not only Post Office Savings Banks but other Savings Banks whose money is invested in Government Securities, the former being not in opposition to but in harmony with the latter. But we have thought it inexpedient to establish other Government Savings Banks at this moment, till we have had further experience of the working of the Post Office Savings Banks. If the advantage of the security of the Government is to be given to those who desire to place their small savings in its possession, it should be so effected that this direct security should be given to the individual the moment the money leaves his hands. It will not do to have intermediate institutions which will receive from depositors their savings, and hand them over to the Government, because under that system there would be a period during which the depositor would be without the security of the Government. It will be seen by the House that it requires a great amount of machinery, and attention to a great many complicated details before such a system can be put in operation, without involving too large a cost. Such a machinery has been provided by the Post Office Department with reference to the Post Office Savings Banks, and it has been thought better that we should test this by time before we go further and establish what may more properly be called Government Savings Banks. Before passing on to another point, I wish to say a word with reference to a feeling which I have been informed exists to some degree in the country, that the Government is taking possession of too large an amount of the money which is needed for carrying on the commerce of the country. I think there is no ground for any such apprehension. I can assure the House that the Government will watch anxiously and vigilantly the effect of their measures in this respect, and will not withdraw from the banking institutions and the commercial interests of the country that capital which is

needed to carry on their operations. Any check or stringency we are aware must necessarily cause the general prosperity of the country to suffer. There has been, it is true, a considerable amount received by the Government from the issue of Dominion Stock, and a further sum through the Savings Banks, but the Savings Banks have merely received the small savings of individuals which would otherwise have lain unproductive. That is the legitimate use of Savings Banks. Since they went into operation, the increase of deposits in the Banks has gone on steadily, and I think I am safe in saying that the amount received by the Post Office Savings Banks will not in any way interfere with the general deposits in the banking institutions of the country. The same may be said with reference to the other sources from which I have indicated that we look to obtain the means of meeting a portion of the floating debt. Take the deposits to be required from the Insurance Companies; the greater portion of them will come from abroad, and, generally, I think it right to say, in order to calm any apprehension which may have been excited, that it is the desire of the Government most carefully to guard against undertaking any financial operations which would have the effect of depleting the Bank deposits. (Hear, hear.)

I now come, Sir, to explain the financial relations of the various Provinces to the Dominion; and although up to the present time they are hardly to be looked upon as perfectly well defined and accurate, yet they are in a much more reliable and satisfactory shape than they were in December last. The House will see that it is difficult to arrive at a correct estimate of the liabilities of the various Provinces towards the Dominion, or of the relations of the Dominion towards those Provinces, at once. I will begin, however, with Nova Scotia, and state the amount of its obligations on the 1st of July last, when the Union came into effect, and what charges against it were then anticipated. Its debt was then stated at..... \$7,435,285 and as it was entitled to come into the Dominion with a debt of 8,000,000

this left a balance to be given to it of..... \$564,775 But beyond that figure it was found that the obligations of the Province amounted to the very considerable sum of about \$1,400,000. As is known to the House, under the terms of the Union Act the Dominion is bound to assume and *meet all the engagements* of the several Provinces entered into prior to the 1st of July, no matter by what amount they may be found to be in excess of the debt with which they entered the Union. The debt proper was composed of debentures payable in London, debentures payable in Halifax, Barings' account, the amount due to Savings Banks, and the amount of Provincial notes in circulation. The amount of liabilities we have had or now have to provide funds to meet, are—

Arrears of appropriations paid.....	\$320,141
Do still payable.....	119,599
Balance to Windsor and Annapolis Railway.....	833,662
Due Bank of Nova Scotia.....	52,250
Balance to Pictou Railway.....	193,326

Provincial Notes to be redeemed.....	90,000
Balance of Barings' account	315,293

Making together \$1,924,271

Now, Sir, I think it is a matter of which every honorable member is sensible, that the inauguration of the Union has not been unaccompanied with very considerable financial difficulties. Under the terms upon which the several Provinces came into the Union it devolved upon the Dominion to meet their engagements. The actual debts of the Maritime Provinces did not amount to \$8,000,000 and \$7,000,000 respectively; and there arose the necessity on the part of the Dominion of providing the means to make up the debts of these Provinces to their quotas. But that does not represent the whole amount of financing which was necessary in order to meet the engagements which the Dominion had assumed. There had to be provided in the case of Nova Scotia, in cash or otherwise, to meet these engagements, the sum of \$3,019,628. This sum is made up of the items I have already given..... \$1,924,271 and of the overdrawn account with the Financial Agents

of the Province amounting to..... 1,095,357

making the total for which we had to provide..... \$3,019,628

Before I leave this branch of my subject, perhaps I may be allowed to state what the present condition of the account is, as between Nova Scotia and the Dominion. The total receipts from Nova Scotia, exclusive of the sale of its bonds in England, up to date of the last accounts were..... \$1,159,298

The payments on account of Nova Scotia, exclusive of the payment to Barings, which was partly met by the sale of bonds, were..... 1,821,222

showing an excess of payments over receipts of..... \$661,924

Now, let me say one word in reference to a remark that has been made in regard to the amounts inserted in the estimates to be expended on account of Nova Scotia and New Brunswick. It is to be remembered that under the terms of the Union Act they were entitled to come in with debts of \$8,000,000 and \$7,000,000 respectively, and that whatever sum in addition to these amounts their engagements might come to had also to be assumed by the Dominion. Now, their real debts at the time of the Union did not amount to the eight and seven millions stipulated, and a great portion of the expenditure on their account, now inserted in the estimates, is to bring their debts to these sums, and must not be considered as representing an outlay on the part of the Dominion in excess of their debt. I think it only just that this explanation should be made in order to remove any misapprehension that may have arisen upon the point. (Hear, hear.) I mention the present state of the account with these Provinces not as affording any indication of the ultimate advantages or disadvantages of the Union, but simply by way of explanation for the information of the House. In alluding to it I do not desire in the slightest

degree to refer to it for any sectional purpose, but simply as a matter of account which the House has a right to know. (Hear, hear.)

I now come to the relations between the Province of New Brunswick and the Dominion.

The debt of New Brunswick at the time of the Union was \$5,923,422

leaving, in order to make up its quota of \$7,000,000

a balance to be paid to it, of \$1,076,578

But the estimated excess of the debt of the Province

beyond the \$7,000,000, is about \$800,000

Hon. Mr. FISHER—That is made up by the subsidies?

Hon. Mr. ROSE—No, it is the amount of debt in excess of that with which the Province was entitled to come into the Union. The Dominion, as I have already stated, is bound to fulfil the engagements existing on the part of Nova Scotia and New Brunswick at the time of the Union. Those engagements will cause an excess on the part of New Brunswick of \$800,000 over the \$7,000,000. This excess is made up in this way :

Western extension subsidy.....	\$886,000
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Eastern extension subsidy.....	360,000
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Western extension stock.....	300,000
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Fredericton branch.....	215,000
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St. Stephen's branch balance.....	6,000
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Woodstock branch balance.....	82,500
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Land damages	20,000
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\$1,869,500

Add, what we have had to pay of the old liabilities—

Bonds overdue in November last.....	151,970
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Balances due to Barings.....	107,888
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Making a total of..... \$2,128,358

Hon. Mr. FISHER—How has the item for land damages arisen?

Hon. Mr. ROSE—I presume under an Act of the late Legislature.

Mr. JOHNSON—There is no such law in New Brunswick.

Hon. Mr. ROSE—Well, it is in the official statement of the account.

It follows, therefore, that the amount which had to be financed for on account of New Brunswick was \$2,128,358, which had to be met either in cash or at short dates, and which is now in course of payment. I will now state the present position of the account of New Brunswick. The total receipts from that Province up to the present time have been \$760,668 to which add the cash on hand at the time of the Union.... 275,542

making the total receipts..... \$1,036,210

Hon. Mr. HOLTON—What does my hon. friend mean by receipts from New Brunswick? Are they on account of the Provincial Government?

Hon. Mr. ROSE—No, they are receipts on account of the Dominion. The payments to New Brunswick have been.... \$1,393,940

showing an excess of payments over receipts of..... \$357,730

From what I have stated it will be seen that the duty devolved upon the Finance Department of the Dominion, with reference to these two Provinces, of finding cash, in order to meet the engagements and existing debts—

Of Nova Scotia, to the amount of.....	\$3,019,628
Of New Brunswick, to the amount of.....	2,128,358

Making a total, to be provided for by the means I have mentioned, of..... \$5,147,986

Of course these Provinces were entitled, under the terms of the Union Act, to have all their engagements promptly met by the Dominion, even if beyond the amount of debt which was fixed upon in order to equalize the liabilities to which the inhabitants of all the Provinces of the Dominion are subjected, and I only mention the amount to show the large demands which have been made upon the Finance Department of the Government. With reference to Ontario and Quebec, the relations are simpler, because in their case it was a dissolution of partnership and not the taking in of a new partner into the concern. It is very difficult to say what the amount of the debt of these Provinces will be in excess of the \$62,500,000, which is their quota under the Union Act. It has generally been estimated at \$8,700,000, but the precise figure it is for many reasons impossible now to state. One reason may be found in the Estimates which were laid before the House some days ago, from which it will be seen that there are considerable arrears in regard to which it is questionable whether they belong to the Dominion or not. Take for instance the arrears of grants to charitable institutions which were under discussion the other day; take the payments of considerable sums as retiring allowances to the officers of the Senate who were recently dispensed with; take the amount due by the Bank of Upper Canada; the arrears due by the Great Western and the Northern Railways, together with various other items, and it will be seen that at this time it is impossible to state the precise amount of debt which will be divided between Ontario and Quebec when it comes to be adjusted. I should be doing great violence to my own feelings if I did not here acknowledge the manner in which the Treasurers of Ontario and Quebec have acted in all transactions which have arisen between them and the Finance Department of the Dominion. I regard it as of the very greatest importance to the well-being of the country, and the satisfactory working of the Union, that there should continue to be the same amicable feeling between the officials of the various Provinces and those of the Dominion. And in referring especially to them I do not wish to except the officials of Nova Scotia, for although the Government of that Province is not very friendly to the Union, I must say that in their intercourse with the officers of the Finance Department, they have met every question that came up in a fair and straightforward manner, and have always displayed business like spirit highly satisfactory and creditable. The same spirit, I must add, has also been shown by the Local Government and the Treasurer of New Brunswick.

Hon. Mr. HOLTON—Will my honorable friend permit me to ask a

question? It is with reference to the subject of the debts of Ontario and Quebec. Do I understand my honorable friend to say that the debt of the Dominion will be affected by the settlement of the debt as between the two Provinces?

Hon. Mr. ROSE—I would rather not go into a statement as to the principle or mode in which those debts are to be settled. They are to form the subject of arbitration, and from the high character of the gentlemen who have been selected as arbitrators, I have no doubt that a satisfactory result will follow. I now come to the estimates for next year, which perhaps form not the least interesting part of my statement. I mean, Sir, the Estimates for the year ending on the 30th June, 1869, which were brought down this afternoon. (Hear, hear.) In adverting to them, it will be seen from the observations I have already made that it becomes indispensably necessary, if we are to look straight in the face what the current obligations and revenues of the Dominion are now and are likely to be in the future, that we should distinguish between what is ordinary and what is extraordinary expenditure. From the statement I have laid before the House, it is apparent that there are extensive works going on in various parts of the Dominion, payment for which cannot be made out of the current revenue of the country, and which must necessarily be met by means of loans. I therefore propose to distinguish between the expenditure for the ordinary services of the Dominion and this expenditure on account of public works, which is extraordinary and which I term capital account. I have in the statement I have laid before the House calculated everything which can by any possibility be taken into the account as ordinary expenditure; and among the extraordinary expenditure I have included nothing which cannot, beyond all doubt, be fairly met by means of loans. It will be seen by the Estimates that the anticipated expenditure for the year 1868–9 on ordinary account is.....(*).....\$13,886,645.

I propose to add to that amount, though I do not propose

to take a vote for it, the sum of..... 154,516

for reasons which I shall presently state, making the total

possible ordinary expenditure.....(†)....\$14,041,161

This additional sum of \$154,516 I include for this reason: The anticipated outlay upon the Intercolonial Railway and the expenditure on account of fortifications may possibly begin in the year 1868–9. I have estimated that operations on the Intercolonial Railway will extend over a period of four years, and on account of fortifications I do not suppose it is possible to limit the expenditure within a less period than five years. I have estimated that, if these works commence this year, there may be an expenditure going on for a period of six months, during the financial year 1868–9, causing an expenditure of one-eighth of the whole amount on the Intercolonial Railway, and one-tenth of the amount which my honorable friend the Minister of Militia proposes to ask for fortifications. The interest and sinking fund upon this one-eighth of the expen-

* £2,843,146 sterling.

† £2,885,170 sterling.

diture on the Intercolonial Railway and one-tenth on fortifications is this sum which I have just now mentioned, \$154,516; and I propose, in order that the Government may not be chargeable with omitting to make provision for any expenditure that may possibly arise, to regard that, when the House comes to consider the ways and means, as a sum which has to be provided for this year. In addition to what I term the ordinary expenditure of the year, and of which I shall give the heads in a few minutes, there is to be met by loans on account of public works, railways and other works of improvement now going on, the sum of \$2,456,000 and for redemption of debt..... 1,618,267

making a total of..... \$4,074,267

With reference to the amount of the debt which has to be redeemed this year, there is a portion of it for which we need make no provision, as it will be met by the sinking fund. This amounts to \$683,767, and the balance, \$874,500, represents the bonds bearing seven per cent. issued two years ago. It is further estimated that there may be an expenditure on capital account for the Intercolonial Railway and Fortifications on the principle I have now mentioned, for the six months operations, 1868-69, of the sum of \$2,968,666. Of course this amount has to be raised by loan. These estimates, sir, undoubtedly call for a large measure of caution on the part of the Government. I can assure the House that I am by no means disposed to under-rate the burdens on the public; and, when undertaking an expenditure of this kind, it becomes our duty to see whether we are restricting our ordinary expenditure within as narrow limits as possible—there must be no waste of the public money—the civil Government must be carried on economically—and in all the branches of public administration lavish or unnecessary expenditure must be avoided. And, undoubtedly, now—in entering on a new state of political existence—is the proper time for considering and revising the whole expenditure, and making reductions where such are practicable. There are, it will readily be seen, certain items on which there can be no retrenchment; these are—Interest on the Public Debt—the Subsidies payable to the various Provinces—Seigniorial Payments—amounts payable to the Indian fund—amounts payable for Post Office and Steamship service under contract—and the sums for the maintenance of the Public Works. None of these items are susceptible of reduction; and they form a total of expenditure which amounts to some nine millions and a half or about seventy per cent. of the entire outlay for Dominion purposes. No matter what our desire for economy or retrenchment, these items must remain as they are. Let me, however, call the attention of the House to items with regard to which it is the desire of the Government to see whether it is not possible to make a reduction in the outlay. These are the expenditure for the Civil Government—for the Administration of Justice—for Legislation—Militia—Public Works—Collection of Customs and Excise—Miscellaneous—Emigration and Fisheries. These items involve, altogether, an expenditure of about \$4,000,000. The Government have not been remiss in endeavoring to do what could be

done, and as speedily as possible to analyse and to reduce this expenditure where it was proper, having at the same time a due regard for the efficiency of the public service. The Audit Bill of last session was a step in this direction, and a very important one. Under it every shilling of expenditure for the current year must be submitted to the House. There will be no more old items voted in former years, on which the Government of the day could fall back. Each shilling not spent, up to July 1, must be replaced in the Treasury, and a new vote taken for it. Now, Sir, the House, the other night, made important reductions in its own expenses, and the new Civil Service Bill, in which some progress has been made, will, when carried out, put the service on a much more satisfactory, and it is believed, economical footing. There is also the Bill with reference to Contingencies. That it will have some effect in reducing expenditure, and forming a check on the Civil Government may be seen by reference to the Estimates of next year, for we propose to ask for a very much less amount for Contingencies than was required last year. We think we see our way to a fair reduction under the provisions of the two bills mentioned. (Hear, hear.)

I will now indicate to the House the sources from which we propose to derive our revenue, and the principles which have guided the Government in revising the existing taxation. Before doing so, however, I desire to appeal to the forbearance and patriotism of members of this House, representing various localities, not to ask at the hands of the Government at the present time any appropriations for new works. (Hear, hear.) I need scarcely say that it is of the last importance to the credit of the Dominion that we should not start with anything like a deficiency in the public exchequer. There must be an end to the deficiencies which existed in the Province of Canada years ago. The Government are now sustained by a large majority in the House and in the country; and the Minister who will not, either by reduction in expenditure or by additional taxation, establish an equilibrium in the finances, is undeserving the confidence of the country. (Hear, hear.) It is of the utmost importance to our future that we should recognise and act on the principle that we will not allow even a possibility of a deficiency arising between the revenue and expenditure. If I were not supported in the enforcement of this policy I would not consent to hold my position for one hour. (Hear, hear.) However desirable it may be to promote local undertakings, and no one appreciates more fully than I do the duty of developing the great resources of the country, I think that until we understand fully the real state of our balance sheet, we ought to be very chary indeed in entering on new works not obligatory on us. (Hear, hear.) Another, and a powerful consideration which guides the policy of the Government is this: we feel that the duty of the present hour is to consolidate the Union, to avoid all changes which are not of pressing necessity. We feel that every new measure of taxation is liable to be misrepresented and misunderstood in Nova Scotia, and that until the Union is firmly established, until those who are not yet entirely reconciled to it have become so, our policy ought to be one of forbearance

and conciliation towards them. Such a course will, I believe, commend itself to the great majority of the House. (Hear, hear.) We have to consider, also, our position towards the United States. We are not insensible to the circumstances in which Canada has been placed in consequence of the repeal of the Reciprocity Treaty, and the unwise and restricted legislation adopted by our neighbours on the other side of the line. (Hear.) We are not insensible to the fact that many of the principal products of this country have by the imposition of high duty been almost prohibited from entering their markets. The coal trade in Nova Scotia we know is languishing, the men working only two or three days in the week. Our lumber is subject to a heavy duty, and our grain and fish are in the same position. With respect to fish indeed, the duty is so high that even if we imposed a license fee at the rate of \$4 per ton on American vessels—as we have been urged to do, not only abroad but by a Committee of the House—that would still fall far short of the duty they impose on our fish. We feel also that our trade on the lakes has been subjected to excessive charges when our vessels enter American ports. We know that while all their agricultural products come in free, ours are almost excluded from their markets. It may be that hereafter we may be compelled to adopt a policy different from that which we are now pursuing. But the Government have thought that anything like retaliatory or restrictive measures at this moment would not be conducive to the best interests of the country. We ought rather to show an example of liberality, and as far as we can relieve commerce and our mutual intercourse of all trammels and restrictions. (Hear, hear.) The House is aware that one great obstacle to the renewal of free intercourse between ourselves and the people of the United States has lately been removed. I allude to the almost entire sweeping away of taxes on their internal industry. We think we see in that an indication of a less restrictive policy. The feelings of irritation which had something to do in prompting the action of Congress touching the repeal of the Reciprocity Treaty have we trust now passed away. We see that they have recently been instituting enquiry as to the manner in which American interests were affected by the abrogation of that Treaty; and by the information laid before Congress, it is evident that the American people are alive to the fact that this restricted intercourse is operating injuriously to them. The coal and manufacturing interests in New York, Boston and other Atlantic cities, are clamorous for a repeal of the duty on Nova Scotia coal. Other important interests begin to feel the pinching occasioned by the restrictive policy adopted by the American Government. (Hear, hear.) We do not at all under estimate the importance of having at our door a market of 40,000,000 of people; we feel that in being debarred from that market we have suffered something and may suffer more. Yet it has not been an unmixed evil. It forced on the enterprising people of this country the necessity of seeking other markets, and the result of this has been in the highest degree gratifying. Many of their products which formerly went to the United States have found other and more remunerative markets. The exports of Canadian products to other countries have gone on increasing in a very large proportion, although

the trade with the United States has fallen off. And here let me for one moment refer to a trade which I believe as firmly as I stand here might be laid hold of by the people of this country. I refer to the West India trade. (Hear.) In those Islands we might find a profitable market for most of the surplus products of Canada. The recent report of the Commissioners called attention to the important fact, that the British and Spanish West Indies received from the United States products which we can just as well send, such as lumber, flour, butter, cheese, staves, shooks, boots and shoes, hardware, &c. The British West India Islands alone received of these articles to the extent of ten millions of dollars a year; the Spanish West Indies to the figure of eight millions of dollars; and if we add Hayti and St. Domingo, we find an aggregate trade of nearly twenty-five millions of dollars with the United States, in articles which we produce and might supply. (Hear, hear.) Without trespassing on the House further, to explain the motives and policy of the Government, I may say, in brief, that our desire is to make as few changes in the tariff as possible. We desire that these should be in the direction of conciliating our friends in the Maritime Provinces, and, further, we desire not to restrict our intercourse with the United States at the present moment. (Hear, hear.) I will now proceed to point out in what respect we propose to reduce the present taxation, a portion of the statement which I am sure will be received with satisfaction. (Hear, hear.) We propose to take the duty off flour, meal, grain, and breadstuffs of all kinds. (Hear, hear, from Nova Scotia members.) We propose also to make a change in regard to another matter in which I know my hon. friend opposite (Hon. Mr. Savary) feels interested. We propose to follow up the course, the liberal and enlightened course which Canada some years ago adopted, by taking off the tonnage dues for the support of lighthouses. (Cheers.) We propose also to make a change in the duty on molasses, in the shape of a reduction. I shall mention presently the details of the amounts of these reductions. We propose also to revise a class of duties which has given us some little anxiety, and in regard to which there has been considerable investigation and a good deal of minute calculation. I mean the sugar duties, a very difficult subject to deal with. The proposed changes then are, the removal of the duties on breadstuffs, of the tonnage dues, a further reduction on molasses, and a revision of the sugar duties with a special view of stimulating the direct West India trade with this country. (Hear, hear.) Sir, I do not think I over estimate the difficulty which the Government have experienced in dealing with this question. It is one which the Government of England have felt for many years has had in it more elements of discord than were met with in dealing with any other item of the tariff. Many years ago a Parliamentary Committee sat for nearly two months taking evidence of the most experienced men of all classes with reference to the sugar duties. The result of the deliberations of that Committee was a Return to Parliament, and the subsequent adoption of a revised scale of duties. That scale was subjected to the test of international experiments, which were carried on till late last year, under the direction of the French, English and Dutch Gov-

ernments. The result of these experiments was that a scale was adopted in England, which is supposed to represent in each quality the exact amount of saccharine or crystallisable matter which each class of sugar contains. The two great motives which influence the Government in dealing with the sugar duties are the interests of the revenue, and the interests of the consumer. Then between these two great interests are those of the importer and the refiner. These intermediate interests, more than any others, lead to the difficulties which the Government has to investigate. Under the present sugar duties the importation has been largely increased, with a corresponding increase to the revenue, which, however, the Government believe will be fully maintained by the proposals which I am about to mention. We have, as I have said, to consider the interests of the revenue and the consumer, between these arising a great subordinate interest, the encouragement of the direct trade with the West Indies. I need not recapitulate all the objections which have been urged to the present tariff. To do so would occupy the House far too long a period, and perhaps after all not be of much interest. We have had to undergo a course of sugar literature during the last three months which I have no desire to inflict on the House. (Hear, and laughter.) One of the great objections to the present tariff is the inequality of its operation. It is purely a specific rate of duty, graduated according to a certain scale, as near as possible to the English standard. But in England they have only a few ports at which sugar is received from abroad, and there is little difficulty with reference to the standard, so that the operation of specific duties there is comparatively easy. Here it is very different. Our investigation shows that at different ports in Canada there has been great difference of action as to how the different kinds of sugar are to be rated. Under Confederation there has been an increase of no less than 107 ports, there being 76 in Nova Scotia, and 31 in New Brunswick. If it were deemed advisable to adopt a system of specific duties, the number of ports at which sugar might be imported would have to be reduced, which would be a very unpopular measure. But apart from this objection to a system of specific duties in this country, there was the very important consideration in favour of *ad valorem* duties, of encouraging and stimulating direct foreign trade. These, Sir, were the reasons which induced the Government to adopt the principle which I have just now mentioned. They have also, on the adjustment of a scale of duties, had this further object in view, of creating a wholesome competition between those importing sugar direct, and those refining sugar in this country. The interests of the revenue and the interests of the consumer would both be promoted by the stimulus thus given to domestic industry. The Government have therefore come to the conclusion to recommend a mixed *ad valorem* and specific rate. Upon this subject we have had a great deal of good advice tendered to us. Some proposed 25 per cent *ad valorem*, and one cent specific, on all grades, which would be about 53 per cent on raw sugar and 37 on refined; others 20 per cent and 2 cents, which would equal 70 per cent on raw, and 46 on refined; and others proposed 15 per cent and 2 cents, or 65 per cent on raw, and 40 on refined. But after giving the whole subject very earnest

consideration, and after investigating in the minutest way the probable results, the Government have come to the conclusion to recommend to the House the imposition of 25 per cent *ad valorem* on all grades, and in addition a specific duty of one cent per pound on all sugar equal to and above No. 9, Dutch standard; three quarters of a cent upon all sugars below No. 9, Dutch standard, and $\frac{4}{5}$ ths of a cent per lb. on melado. I may mention, for the information of those not familiar with the different grades of sugar, that all equal to and above No. 9, Dutch standard, may enter into consumption, while nothing below No. 9 is fit for domestic use till it has gone through some process of refining. We propose, therefore, to charge on sugar entering into consumption a uniform duty of 25 per cent *ad valorem* and one cent specific, while as regards those not fit for use, 25 per cent *ad valorem*, and three-quarters of a cent specific will be levied. Then we propose to reduce molasses to 25 per cent *ad valorem*, to the consumer, molasses for refining purposes being continued as at present, viz., 73 cents per 100 lbs., or about $\frac{1}{4}$ cent specific over and above the *ad valorem* rate. These are in a few words the changes we propose in reference to the sugar duties, which will be explained more fully by the Minister of Customs when he submits the details of the tariff. The other changes to which the assent of the House is to be asked are, first, in reference to the wine duties. Instead of the present rate, which is so much per gallon, according to strength, and which distinguishes unequally between wine in wood and wine in bottles, it is proposed to have a uniform duty of twenty per cent *ad valorem*, and ten cents per gallon whether in bottle or wood, which will have the advantage of simplicity, and at the same be for the benefit of the revenue. There is also to be a slight addition to the duty on beer and porter, and five per cent will be imposed on some articles of partially manufactured iron, such as Canada and tinned plates, rod and rolled plate. We propose also to place a small export duty on pine logs and shingle bolts. In reference to animals, now in the fifteen per cent list, we propose to have a specific duty. Many valuable animals were imported for breeding purposes, and the Government were constantly having pressure brought to bear on them by Agricultural Societies and individuals for the remission of duty. We think, therefore, that the object in view will be better served by having a specific duty of \$15 on horses, \$10 on cattle, \$2 on swine, and \$1 on sheep. We propose also, in the way of excise, to impose a small additional rate on spirits, equivalent to the remission on corn, and an excise duty of five cents per barrel on refined petroleum, as well as a small inspection fee of 20 cents per barrel. It is proposed to subject all the refined petroleum to inspection. Books have been placed in the five per cent list, and rice taken out of the free list, and placed amongst the unenumerated articles bearing 15 per cent duty. I have now indicated the principal changes which it is proposed to make in the tariff. There is one other item, however, which I may mention to the House. It will be observed by the Estimates brought down to-day, that there is an item of \$75,000 as commutation of duties on articles of tea, sugar and coffee imported for the use of the Army and Navy, and for wines and other supplies to officers' messes. At present, and for some years past, tea,

coffee, sugar, and one or two other articles, for the use of Her Majesty's troops, including wine for officers' messes, are admitted free of duty. But it has been found that this provision has in its operation been attended with very considerable difficulty, and we have reason to believe, considerable loss to the revenue. It has been found impossible to so regulate the remission of duties on this class of goods as to limit it entirely to those for whose benefit it was designed, and there has been considerable loss to the revenue in consequence. It is now proposed to make a money payment based upon the quantities of these articles allowed the troops by Her Majesty's regulations at Aldershot and elsewhere. A similar plan is proposed in reference to the wines now allowed to come in free for the officers' mess, and they will receive in lieu thereof what is called the Regent's allowance, which is so much per company, and a fixed scale for officers serving on the Staff and in the Artillery and Engineers. It is anticipated that by these means Her Majesty's forces will have the full benefit of the liberality of Parliament, and at the same time the revenue will be protected. It is necessary to ask a vote of this amount, but the revenue derived from the duties collected on these articles will balance that payment. The amount will depend on the number of troops in the country, there being in the Dominion at present, according to official returns, about 15,563 men. The sum will be apportioned from time to time as the Governor, by Order in Council, may direct. These are the principal changes which are to be made in the tariff, and I think the House and the country will rejoice that they are not more numerous. (Hear.) I will now proceed to state the revenue which it is expected will be derived from Customs and Excise in the year 1868-9. I may mention that the importations this spring have been unusually light, not only as compared with last, but with some former years. Although this entails some little temporary embarrassment in the revenue, it is not a thing which I can say I regret. On the contrary, I think it exhibits a wholesome and sound state of affairs in the country, generally, and evinces prudence and care on the part of the mercantile community. I should have been sorry to have seen a large importation of goods this spring, with the large stocks which were on hand. (Hear.)

With regard to the revenue to be anticipated for the year 1868-69, the view to which we come is that it would not be safe to calculate on a much larger revenue than that of the present year. We estimate, therefore, that the Customs during the year 1868-69, will yield... \$9,100,000

The receipts from excise, including the new duty on petroleum,	
we estimate at.....	3,514,000
The Miscellaneous revenue, deducting some receipts which	
may probably not come in during the year, we estimate at	2,500,000

This makes a total revenue, during the year 1868-69, of....	\$15,114,000
against a total estimated ordinary expenditure of.....	14,042,161

shewing an estimated surplus, for 1868-69, of revenue over	
expenditure, of.....	\$1,071,839

I do not, Sir, believe that this is an over estimate. Of course we cannot tell what vicissitudes may arise during the next fifteen months. But, assuming that we have the average prosperity with which Providence has hitherto blessed this country, I do not believe there is any reason to doubt but that the amount of revenue I have stated will be received; and it is quite certain that the estimate which I have just given of expenditure cannot be exceeded without a violation of the Audit Act. In estimating the expenditure I have, as I have stated before, distinguished between ordinary and extraordinary expenditure, the latter being that which may be considered as fairly applicable to capital account. And in order that the House may form its own judgment of the manner in which the distinction has been made, I will state those items for the year 1868-69, which are applicable to capital account. In Ontario and Quebec the expenditure of this sort will be only..... \$348,700 including, for instance, the deepening of the Welland Canal.

In Nova Scotia there is expenditure on the railways, St.

Peter's Canal, new light-houses, and purchase of quarantine ground, amounting to.....	690,000
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In New Brunswick, on railways, light-houses, &c., it will amount to.....	1,237,000
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Then, not belonging specially to any of the Provinces, we have items amounting to.....	180,300
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These various sums make a total on capital account of.....	\$2,456,000
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Add to that the two sums which I have mentioned, as required during the year for the redemption of the public debt, amounting to.....	1,618,267
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and you have a total amount of.....	\$4,074,267
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to be looked upon as the capital and redemption account, exclusive of works on the Intercolonial Railway or Fortifications, but including \$75,000 for Surveys, &c. Now if you take the whole of this amount, except the works on the Intercolonial and the railways in the Lower Provinces, which no man would dream of charging against ordinary revenue—if you take the sums for Light Houses, deepening the Welland Canal, and any other works which could by any possibility be considered as not charges on capital—they amount to..... \$388,000

And if you even say that the whole of these works ought to be provided for out of the current revenue, and deduct the cost from the estimated excess of ordinary revenue over ordinary expenditure of.....	1,071,839
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you have still left a surplus of.....	\$ 688,839
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(Hear, hear.) This, I hope the House will understand, is the estimated surplus which will be left, after deducting all the items which could by any possibility whatever be considered as belonging to the expenditure of the year. On the whole, therefore, Sir, I think we have no reason to fear but that during the current year of 1867-8 we will put something to the good, and that in 1868-69 we will have a fair and moderate increase on the right side of the account. (Hear, hear.)

Mr. MACKENZIE—Perhaps the Minister of Finance would be good enough to state generally how the \$348,700 of expenditure on capital account, for Ontario and Quebec, is made up.

Hon. Mr. ROSE—Canals, light-houses, and slides, &c., make about \$140,000, I think, and for public buildings, there is about \$200,000. The Minister of Public Works will give the exact items in detail. I shall now state, under the separate heads, the items of what we consider ordinary expenditure. There is—

For Civil Government.....	\$651,366
which is a slight increase on the estimate for the present year because the contingencies of the Customs and Post Office Departments are included in the Estimates of 1868-69, but were not included in those of 1867-68.	
Then, for the Administration of Justice and Penitentiaries, there is.....	689,883
Legislation is reduced from \$652,000 to.....	482,138
the estimate being for but one Session, and being over what is likely to be the actual expenditure for some of the items.	
For Militia and Naval Service, there is.....	1,041,607
For maintenance and repairs of Public Works, there is.....	804,195
For Post Office and Steamboat Service.....	1,098,600
For Light-Houses, Fisheries, and Immigration.....	315,227
For Collection of Customs and Excise.....	733,811
Seigniorial Expenditure.....	238,188
Indians	154,787
Interest on the Public Debt.....	4,915,470
Miscellaneous.....	400,924
Subsidies	2,360,448

making the total already specified of.....\$13,886,644
as the ordinary expenditure, in addition to which we propose to provide out of current Revenue for \$154,576—Interest and Sinking Fund on the expenditure for the Railway and Fortifications.

In giving these details at so much length I am afraid I am wearying the House—(No! no!)—But I have felt that I should not fully and honestly discharge my duty, unless I submitted these statements with considerable fulness of detail; and I must still ask the patience of the House, while I allude for a few moments to the additional obligations which it is contemplated that this country should assume, and to the means we have of meeting the increased burdens they will entail.

Hon. Mr. HOLTON—Before the hon. gentleman goes on to that, will he state the effect on the Revenue of the contemplated changes in the duties of Customs and Excise?

Hon. Mr. ROSE—I do not anticipate any increase of revenue from the change in the sugar duties. It is possible there may be a slight, but a very slight diminution. I anticipate some reduction in the revenue from an article of very considerable consumption in the Lower Provinces, molasses.

Mr. JONES (Halifax) put a question with reference to the mode of rating the value of sugar and molasses.

Hon. Mr. ROSE, in reply, said—We propose to rate the duty on the value of the article, free on board. (Hear, hear:) As the Hon. Gentleman is aware, there is great disparity between the modes of rating prevailing in the various islands from which sugar and molasses come. In some islands there is one rule with reference to packages, and in others a different rule. And it has been felt to be proper in the interest both of the revenue and of our honest importer, that we should adopt the practice of charging the *ad valorem* duty on the cost on board.

Mr. JONES—made a remark having reference, it was understood, to the value per gallon of the duty imposed on molasses at 25 per cent. *ad valorem*.

Hon. Mr. ROSE—What does the Hon. Gentleman estimate it at?

Mr. JONES—6½ cents on some, and 7 cents on other kinds.

HON. Mr. ROSE—I think he will find that the 25 per cent. *ad valorem* duty free on board, is as near as possible 5 cents a gallon. The Hon. Gentleman perhaps alludes to an article which though he may call it molasses, is so made up as to have a very striking resemblance to melado or liquid sugar. (Hear, hear.) But on ordinary qualities the *ad valorem* rate will not exceed 5 cents per gallon. However, that is a matter we can discuss when the House comes to consider the resolutions in detail.

Hon. Mr. HOLTON—What is the estimated loss on flour, grain, &c.?

Hon. Mr. ROSE—In removing the duties on grain and flour of all kinds, we estimate a loss of \$107,000. The effect on the revenue of the changes in the tariff, except as regards molasses, to which I have just referred, is scarcely worth mentioning. As regards molasses it is difficult to calculate the loss very accurately. It will be somewhere between \$20,000 and \$40,000. We anticipate a small gain on wines, particularly Spanish wines, the finer qualities of which, under the existing law, come in at lower rates than they ought really to do; because in consequence of the rule of charging duty on the strength of wines, or the spirit contained in them low grades of fortified sherry and port pay more than the finer classes of wine which contain less spirits. We anticipate receiving \$125,000 from the articles which I have mentioned, as transferred from the free list to the 5 per cent. list. We impose also a small duty of ½ cent a pound on sulphuric acid.

(It being now six o'clock, the Speaker left the chair till half-past seven.)

AFTER THE RECESS,

Hon. Mr. ROSE resumed as follows—I have considerable diffidence in again presuming on the forbearance of the House, considering the length of time I occupied during the afternoon; and I am sure it will be a relief to you, Sir, and to the House, to know that I do not purpose prolonging my observations beyond a brief limit. (Go on.) I feel, however, that my work would be but half performed if I did not say a few words with reference to the future. In my former observations I endeavoured first to

show the state of affairs for the current year; next the financial relations of the various Provinces towards the Dominion; then what the prospects for 1868-9 were with regard to the expenditure and revenue; and the only part of my task now remaining is to advert briefly to the new engagements which, according to the avowed policy of the Government, we are about to assume, and to consider in what way, in the future these are likely to be met by the country—how far our resources are adequate to that end without undue pressure on the public. I quite agree that at the outset of our career we should pause and reflect twice before entering on undertakings likely to be unprofitable. But the necessity that exists for the construction of the Intercolonial Railway, which perhaps might come under that description, is acknowledged on all hands. Without it there would have been no Union, and therefore as to the policy of incurring that expenditure, no observations will be necessary. Now, Sir, in considering our relations with the mother country and all she has done for us, I do not think much need be said on the duty of our taking a fair share in the defence of the Dominion, and doing that without which all our expenditure for Militia purposes would be useless. If we are to provide an effectual defence for the country, it is quite certain that the erection of works of position is necessary in order to equalise our paucity of numbers and inferiority in the field. I shall therefore do no more than proceed at once to state the extreme limit of the annual charge for the construction of the Intercolonial Railway, and for fortifications. The House is already aware of the gross estimated amount, and it only remains to me to state simply, what will be the probable annual charge during the next five years. The estimated amount of outlay for the Intercolonial Railway, for Sinking Fund and for Fortifications is,

For the 1st year	(*)...	\$309,033
2nd “	(†)...	\$618,066
3rd “	(‡) ..	\$927,100
4th “	(§) ..	\$1,236,133
5th “	() ..	\$1,289,666

The latter year gives the maximum of the annual charge both for Interest and Sinking Fund on the Guaranteed Loans. At the rate I have mentioned the debt would continue for twenty-eight or thirty-two years, according as the Sinking Fund was invested at six or five per cent., after which the annual payment would diminish for five years in the reverse order in which it increased, until the whole debt was extinguished, which would be in thirty-eight or forty-two years. In considering how this amount is to be met without undue pressure on the resources of the country, some little reference to our past progress is not unadvisable, for my belief is that judging by that standard, these additional charges will not perceptibly increase our burdens, provided we husband our funds, and this House does its duty in enforcing an economical administration of public affairs. The increase of population and wealth and extension of trade in the new Dominion within the next few years will, I believe, be such that the public revenue must also largely increase, and the additional charges I have men-

* £63,500 stg. † £127,000 stg. ‡ £190,500 stg. § £254,000 stg. || £265,000 stg.

tioned be nearly met without any new burdens being imposed on the people. I will not test the patience of the House by any lengthy statistics to prove my last assertion, but will merely refer to one or two points of our past progress as an earnest of what we may look to accomplish in the future. I do not risk much when I say, that it is as certain as I stand here now, that no new and comparatively undeveloped country such as ours ever had a more certain future before it. We have vast and varied resources; and though our growth has not been as rapid as some other Colonies, or as some States of the neighboring Union; though our Northern climate subjects us to many and great difficulties; though our country is the reverse of compact, extending over a great length with but little breadth, and with some unpromising intervals between; these drawbacks are not without corresponding advantages. (Hear, hear.) Notwithstanding our disadvantages, Sir, our progress during the last 15 or 20 years, has been a very satisfactory one, and such as we can very reasonably anticipate must follow in at least an equal degree during the future. During the last nine years the imports into Canada increased upwards of 81 per cent., while the exports of the country—a far better indication of her wealth—had increased 94 per cent. I am speaking now only in reference to old Canada proper. As respects Nova Scotia and New Brunswick, though their per centage of increase is not quite as great, it is yet gratifying and satisfactory. During the same period in Nova Scotia the imports increased 72 per cent. and the exports 20 per cent.; and in New Brunswick the increase of imports and exports was 38 per cent. and 25 per cent. respectively. As the new charges spread over five years, I will refer to the general increase of Canada quinquennially in the past. During the five years ending 1862 the imports into old Canada averaged \$36,551,000. In the five years ending 1867 they increased to an average of \$47,510,000. It is not, therefore, by any means an unreasonable estimate to suppose that the imports of the Dominion ought to increase at the rate of \$1,500,000 to \$2,000,000 a year. During the same time our exports had increased in even a greater ratio:—

In the five years ending 1867, they averaged.....	\$26,812,000
“ “ 1862, “	30,510,000
“ “ 1867, “	40,545,000

Now let me make one remark on this head with reference to a subject which has formed the groundwork of so much discussion—I mean the debts that have been contracted in order to aid the construction of railways. If you take the period when our railway system was completed, about the year 1860, the facilities which it gave to the trade of the country will be seen at once. About that time the value of products exported rose from \$23,000,000 to \$36,000,000; this increase arising, as I believe, in a considerable degree from the additional facilities given to our various productions to reach the markets of the world. (Hear.) Let me next say a few words by way of analysis of the character of our exports, so that an intelligent estimate may be formed of the growing wealth and capabilities of the country. I will take first our agricultural productions, the exports of which amounted, in 1850, to \$4,237,000 and in 1866-7 to no less than.....\$16,765,000

Hon. Mr. CARTIER—That is the exports of Canada alone.

Hon. Mr. ROSE—Yes, I have explained that these figures do not include the exports of the Maritime Provinces. When I referred to this subject in December last, I said I would have given statistical information in regard to the trade of those Provinces had it been available. It is not, Sir, I assure you, from any desire to overlook, still less to depreciate the agricultural or other productive wealth of those Provinces that I make no reference to it now. (Hear.) Now, having seen the increase that has taken place in our agricultural exports, let us take the exports of animals and their products. Of these the amount was

In 1850	\$630,000
In 1865-6	\$12,682,000

I admit that the year 1865-6 was one of an exceptional character in consequence of the repeal of the Reciprocity Treaty, and the *vacuum* created by the American war, causing an exceptionally large demand in the United States. But in 1867 this demand was very much diminished, yet the exports under this head amounted to \$6,100,000, showing a very large and steady percentage of increase year by year in the exports of animals and their products. (Hear, hear.) I may now say one word with reference to manufactures, which in this country are still in their infancy, but which are growing up, without any of the hot-bed fostering of protective tariffs, but solely by the skill and energy and industry of our population. (Hear, hear.) It is only lately that we have begun to export anything except agricultural and other like products; for our exports of manufactures in 1850 were only \$26,000, while in 1867 they rose to \$989,000. (Hear, hear.) There is one article to which perhaps I might have alluded before, that of cheese, the production of which was largely increased and which is going abroad to the West Indies, Brazil, and other parts of South America, in large quantities. I do not include cheese among manufactures, but among animals and their products. In 1861, instead of exporting we imported 2,250,000 lbs. of cheese, but in 1867 we imported only 294,000 lbs. and exported 1,500,000 lbs., in addition to an estimated home consumption of 6,000,000 lbs. showing it to be an important branch of the trade of the country. There are now no less than 180 cheese factories in Ontario and 17 in Quebec. (Hear hear.) Take next, Sir, the products of the forest, we find a corresponding increase. There was exported :

In 1850.....	\$5,442,000
In 1867.....	\$13,948,000

If we look at the extent not only to which the productive power of the country has increased, but also the increase in its foreign trade, we find the results equally gratifying :

	Inwards.	Outwards.
In 1854 the foreign tonnage was	602,000 tons.	641,000 tons
In 1859.....	594,000 "	605,000 "
In 1864-5.....	938,000 "	953,000 "

Mr. MACKENZIE—That is the tonnage at the sea ports only.

Hon. Mr. ROSE—Yes; the inland tonnage has increased in almost the same ratio.

Mr. MACKENZIE—Much greater.

Hon. Mr. ROSE—There has been a very great increase, but I hardly think in a greater proportion. But I am speaking now more particularly of the tonnage engaged in foreign trade. Let me take one other test of the progress of the country.—I mean the increase of the population. The average annual increase has been :

In Ontario.....	4½ per cent.
In Quebec.....	2½ “ “
In New Brunswick.....	2½ “ “
In Nova Scotia.....	2 “ “

Say an increase of 3½ per cent of the whole population. The same increase is shown if you take the number of ratepayers in Ontario, which was :

In 1864	278,336
In 1865	291,997
In 1866	296,995

Or an increase of 3¼ per cent. There has also been almost the same increase in the number of assessed acres, which was :

In 1864.....	18,144,000
In 1865.....	18,587,000
In 1866.....	19,017,000

Take next, the amount of Banking capital and business required for the operations of the country, and in this we find as good an indication as can be offered of its steady progress :

In 1858 the Discounts were.....	\$30,364,713
In 1868 “ “ “	\$51,175,582

An increase of 68 per cent. in ten years. A still more remarkable evidence of the growing wealth of the country is to be found in the amount of money deposited in the Banking Institutions. During the same period they rose from \$8,358,437 in 1858 to \$28,721,188 in 1868, or 350 per cent. increase. (Hear.) In viewing the facts, Sir, I think they point, under the blessing of a good Providence, to a certain and prosperous future before us. If we work together in harmony, if we endeavor to cement the Union, if we develop the varied and rich resources of the several Provinces, we have the elements within us to build up a prosperous and powerful community. In Lower Canada we have a people frugal, industrious, and attached to the soil—not a nomadic, but a steady, contented people, well adapted for manufacturing pursuits; while in the West we have immense agricultural, and in the East equally important maritime resources. I am not an enthusiast, but I say that although we have a rigorous climate and many difficulties to combat, we have correspondingly hardy, energetic and thrifty population, and in the extent and variety of our resources we have as certain a promise of a good future as any country ever before enjoyed. (Hear, hear.) Now, Sir, I would not wish it to be supposed that, in calling attention to these indications of the future prosperity of the country, I am desirous that we should rush into undue expenditure. On the contrary, I say that we ought to be most careful in our outlay, and consider well every shilling we expend. (Cheers.) I trust that whatever

Government may be in power, the people will demand at its hands a thrifty and economical administration of public affairs. I claim that we who now occupy these benches have shown a desire to follow that course. (Hear, hear.) I am not, however, insensible to the necessity of developing the wealth of the country. If we have resources we must be prepared to take such measures as will ensure their reasonable and progressive development. We must not stand listlessly by and allow treasures to remain buried in the bowels of the earth; if we have agricultural and mineral wealth we must stimulate its development; and we must not neglect the means necessary to bring our products of all kinds to a profitable market. What this country wants is care and judgment in the development of its resources. While we ought not to be backward in those things which are for its advancement, we ought still to pause and make all our calculations with prudence, taking care not to burthen the revenue for objects which are not likely to yield an adequate return. (Hear.) Now, Sir, I am sure the House will be glad to learn that I have nearly come to the end of my remarks; but there is one other matter which I must refer to before closing. I have often heard it stated that this country is groaning under a heavy load of debt and taxation; that it is not an inviting home for a poor man to come to; that our condition as compared with that of other and adjoining countries is that we have heavy burthens to bear without corresponding means of revenue. But let us compare our condition not with that of some of the countries of the Old World, but with the New Colonies which have been but a brief space in existence, and see what is the amount of debt those Colonies have to bear per head of the population, as well as the annual charge, as compared with Canada. Take the Australian Colonies, and see what their condition is as compared with ours :

	Per head.
In New Zealand the interest on the public debt amounts to about.....	\$6 02
In Queensland it is.....	4 97
In New South Wales.....	3 21
In Victoria	2 88
In South Australia.....	2 16
In Tasmania	1 51
While in Canada it is only.....	1 12 $\frac{1}{2}$

per cent. (Hear, hear.) It is to be remembered also that for the debt which we have incurred we have a great deal to show. We have perhaps the best canal system in the world. We have our railways, and important public works for every dollar of the debt which we have incurred. Some of these works may not, perhaps, yield us a direct return for the outlay, but they do indirectly, and the people receive collateral advantages in return for a very large proportion of the debt which they have incurred. I have often heard comparisons instituted in the press and elsewhere between our own condition and that of the State of New York, between our own rate of progress and theirs. Let me for one moment call attention to the burthens which the people there have to bear, as compared with our

own. I do so not upon the information contained in newspaper articles, or popular statements, but on the authority of the official report of the Finance Committee of the Constitutional Convention which was recently sitting at Albany, in which a view was taken of the indebtedness of the State. Let us see what the result was at which they arrived. The Federal taxation of the State is set down in the report at... \$118,000,000
 the State taxation at..... 12,800,000
 the taxation by cities, counties, towns, &c., at..... 50,000,000

making a total taxation of..... \$180,800,000

which, on a population of four millions, gives an annual charge per head of \$45. Compare this now with the state of affairs in Canada. Our returns are not so complete as could be desired, perhaps; and I may take this opportunity of saying that the Government think it would be a great mistake if they did not see that there was a complete system of statistical returns from all the Provinces of the Dominion, which might be made available for purposes of comparison. The estimated revenue of the Dominion is \$14,500,000

The estimated revenue of the Provinces, apart from subsidies,
 &c., paid by the Dominion. 1,500,000
 and the taxation by cities, towns and villages 4,700,000

Mr. MACKENZIE—Too low.

Hon. Mr. ROSE—I think not; there is hardly any in Nova Scotia. The total taxation of Canada, then: Dominion, Provincial, and Municipal may be estimated at \$20,700,000

which, on a population of 3,900,000, would give an annual charge of a little over \$5 per head, instead of \$45 as in New York. (Hear, hear.)

The debt of the State of New York was set down in the same report at..... \$48,381,682
 of the cities, villages, counties and towns at..... 85,000,000
 the proportion of the National debt at..... 500,000,000

making a total debt of..... \$633,351,682

which, on a population of four millions, gave \$158 per head.

Turning to Canada now, we have for the debt of the Dominion \$72,000,000

That of the Provinces, in excess of the Dominion debt, is 17,000,000

That of the cities, counties, towns, &c., for Ontario, Quebec, and the Maritime Provinces, together about..... 18,500,000

giving a total debt of..... \$107,500,000

which for a population of 3,900,000 is less than \$28 per head, as compared with \$158 per head in the State of New York. (Hear, hear.)

I think that, taking into account the valuable debts which are owing to us and the property we hold in connection with the burdens we have to

bear, any one who is disposed to look at our condition dispassionately, as contrasted with that of the neighboring State, will say that the balance is entirely in our favor. (Hear, hear.) I believe I have now exhausted all the points on which I proposed to touch, and I am afraid I must have exhausted also the patience of the House. (Cries of No! no!) But I have felt that it was my duty to lay before the House all the material facts with respect both to our present financial position, and our prospects in the future. I have only now to thank the House for the indulgence with which they have listened to me, and to express the hope that the anticipations which I have very imperfectly foreshadowed will be more than realized. I have no fears whatever as to the future of this country. (Hear, hear.) With the same industry, the same thrift, the same indisposition to rush into rash and heedless enterprises, characterising us in the future, as have characterised us in the past, I think the prospect before us is the reverse of discouraging. Any one who looks at the population of this Dominion—of Nova Scotia, New Brunswick, Quebec and Ontario—must see that while they differ in very important characteristics, they agree in this, that they are not extravagant or ostentatious in their habits, they are hardy, persevering, industrious and energetic, and possess all the qualities fitted for developing the resources of a new country. Though our wealth may not increase as rapidly as in some other climes, we spend little in ostentation and extravagance. Reproduction is steadier and more continuous. If we are true to the duties of the position in which Providence has placed us,—if there continues to sit on those benches as vigilant an opposition as sits there now, endeavouring to keep this Government or any other Government up to the mark, and enforcing wise administration of public affairs; if we avail ourselves of the advantages of a constitution which brings Ministers day after day face to face with the Representatives of the people, where everything we do one day may be scrutinised the next—depend upon it that with such advantages, and under such a constitution, if we are true to ourselves, we cannot but prosper. (Cheers.) If I might be permitted to say one word to our friends from the Lower Provinces, I would entreat them to consider what our position will be, if we do not work heartily together for the good of our common country. Believe me, we have in our institutions something worth preserving. Let us not rashly cast away this heritage of freedom, but transmit it unimpaired to our children. We but ask you, then, to come in and work cordially with us. The experience of the past few months must have convinced you, that you will find the men of Western, Central and Eastern Canada in accord with you in your sympathies and aspirations. With a future of freedom and material prosperity before us, and a thousand associations of the past to cement us together, why should we not, in all matters which concern us in common, as British subjects, strong in a common love for our Queen, and the determination to uphold her authority, and perpetuate her sway in British America, work out the constitution which She has intrusted to us? Believe me, your interests will not be disregarded. There is a desire—I have heard it expressed on all sides, by all classes and all political parties

in this country—a magnanimous and generous desire to deal tenderly, and kindly, and considerately, with every interest which affects the peculiar position and the well-being of the Maritime Provinces. I think too the policy indicated to-night on behalf of the Government, must commend itself to men of all parties among you, as shewing that, if your numbers are not great, your voice and your remonstrances will be heard in every matter that concerns you. To use the language of one taken from us a short time ago, almost the last words he spoke in this House—"We hope yet to conquer you with kindness." (Loud cheers.)





